

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Account-based model	The method of recording transactions in which the aggregate balance of a cryptocurrency held at each blockchain address is kept as a ledger, so that when a user transfers cryptocurrencies from one address to another, the total ledger balance of each address is adjusted accordingly. Ethereum uses an account-based model.
Accredited Investor	An individual or a business entity that meets the standard for an “accredited investor” as defined in Regulation D promulgated by the Securities and Exchange Commission. 17 CFR § 230.501(a). Individuals and entities satisfy the definition by meeting at least one requirement set forth in the definition regarding their income, net worth, asset size, governance status, or professional experience. An accredited investor is eligible to purchase securities that are not registered with the SEC pursuant to an exemption from registration under Regulation D.
Address	In the context of crypto assets, an alphanumeric identifier providing a virtual location to where cryptocurrency can be sent.
Altcoin	A cryptocurrency that is not Bitcoin.
Application Programming Interface or API	A piece of code that allows two applications to share information with one another.
Arbitrage	A technique in trading whereby price inefficiencies of an asset or market can be exploited to gain a profit (e.g., buying a cryptocurrency on Exchange A and instantly selling on Exchange B where it is offered for a higher price).

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Bitcoin	<p>A blockchain network designed to record transfers of its native cryptocurrency (called Bitcoin). Bitcoin provides a mechanism for users to participate in the process of generating new blocks, and thereby receiving compensation, by expending computer power (proof of work). Bitcoin uses a UTXO transaction recording model.</p> <p>Bitcoin also refers to the Bitcoin crypto asset. Bitcoin is the most prominent crypto asset.</p>
Bitcoin Maximalism	A belief among some crypto asset advocates that Bitcoin stands alone as the most valuable crypto asset and that all other coins are inferior.
Block	A data structure within a blockchain database where transaction data for multiple transactions is recorded with a timestamp and reference to the prior block of transactions.
Blockchain	A digital, distributed, public database that stores records of digital transactions. The blockchain contains cryptographically linked, mathematically-provable data structures (blocks) of transaction record information.
Block Reward	The compensation that miners receive for successfully structuring blocks of transactions recorded on the blockchain.
BTC	This abbreviation refers to the Bitcoin cryptocurrency. Bitcoin is the most prominent cryptocurrency.
Burn or Burning	A method for taking coins out of circulation, and thereby reducing the circulating supply of coins. Burning acts as a deflationary tool.
Centralized Exchange or CEX	A type of cryptocurrency exchange where the trading is facilitated by a centralized entity or group of persons.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Centralized Finance or CeFi	A term for financial services provided through a traditional centralized framework, typically used in the crypto asset industry to refer to companies offering cryptocurrency focused loans and savings products, in order to distinguish such providers from decentralized finance of DeFi.
Coin	A slang term for a crypto asset or token. As related to crypto assets, coins are virtual and typically have no physical representation.
Cold Wallet or Cold Storage	A crypto asset wallet that stores digital assets offline (not connected to the Internet). Cold Wallets minimize the threat of hacking.
Collateral	Assets pledged as security against which a loan can be made.
Counterparty Risk	The risk that one or more sides in any agreement will not fulfill their obligation.
Cryptocurrency or Digital Asset or Crypto Asset	As used here, a form of asset that uses blockchain or other distributed ledger technology to record and verify transactions.
Decentralized Applications or dApps	An application built on top of blockchain technology that does not have a central authority operating it.
Decentralized	A characteristic of a network or organization that has no central point of authority.
Decentralized Finance or DeFi	A term for financial services, such as trading and lending, provided through decentralized blockchain protocols rather than through centralized companies.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Distributed Ledger Technology or DLT	A method for storing information across a network of users, none of which have controlling authority. A blockchain is a form of DLT, with blocks of data connected cryptographically and maintained by a network of nodes.
Ether or ETH	The native currency for the Ethereum Network. Ether functions both as a money and a token for paying for smart contracts execution.
Ethereum	<p>A blockchain network intended as a base layer, or virtual machine, on which to run decentralized applications and smart contracts. Ethereum provides a mechanism for users to participate in the process of generating new blocks, and thereby receiving block rewards, by staking (Proof of Stake). Ethereum uses an account-based transaction recording model.</p> <p>Ethereum is the second most prominent blockchain network after Bitcoin.</p>
Fiat Currency	Currency created and backed by a government that is not backed by any other underlying asset (e.g., money that is not backed by gold).
FOMO	An acronym for "Fear of Missing Out." The acronym is used to describe a type of buying behavior motivated by a desire not to miss out on anticipated further increases in price.
FUD	An acronym for "Fear, Uncertainty, and Doubt." The acronym is used in the crypto industry to suggest that criticism is intended to generate negative sentiment.
Fungible	A property of an asset, where each unit is indistinguishable and interchangeable. For example, dollars are said to be fungible because any dollar can be exchanged for any other dollar.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Gas	In the context of crypto assets, a reference to the payment required to execute transactions on the Ethereum Network. The role of ETH in the Ethereum Network is analogized to the gas expenditure required to travel in the real world, and the ETH payments required to execute a transaction are referred to as “gas fees.” Ethereum gas fees adjust in response to supply and demand and can vary substantially over time.
Hard Wallet	A physical device that enables non-custodial management and storage of crypto assets. Hard wallets by default are offline, making them a safe storage option.
Hash	A mathematical function that converts an input of arbitrary length into an encrypted output of a fixed length. Regardless of the original amount of data or file size involved, a unique hash will always be the same size. The same input will always yield the same output, while the output cannot practically be reverse engineered to reveal the input.
Hash Function	A mathematical function designed to map an input of any length to a deterministic fixed size output, called a Hash. Bitcoin uses the SHA-256 Hash function.
HODL	An acronym some believe is short for "Hold On for Dear Life" and others maintain originated as an inadvertent mis-typing of the word “hold”. The acronym is used within the crypto community to indicate people should steadfastly hold, rather than sell, their crypto assets, especially through big price dips, because the price will rise again.
Hot Wallet	A cryptocurrency wallet that stores digital assets and is connected to the Internet. Hot Wallets are convenient for transacting and trading but are more susceptible to the threat of hacking.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Initial Coin Offering or ICO	A fundraising method by which crypto projects raise capital through a sale of tokens. Typically, ICO purchasers receive tokens but not equity or any other defined legal interest in an issuer.
KYC	An abbreviation for "Know Your Customer." The abbreviation generally relates to the information new customers must provide to open an account with financial institution and to prove their identity.
Ledger	A record of transactions.
Leverage	A financial condition where exposure to a given asset, group of assets, or trade can be multiplied thereby increasing both potential gains and losses. For example, a 5x leveraged position will increase profits/losses by that amount.
Liquidation	In the context of secured lending, the process of taking ownership and/or control of collateral against which a loan is secured when the collateral value falls below an agreed ratio to the outstanding loan. The term also describes a similar process in leveraged trading when the margin requirements are no longer met.
Liquidity	The measure of how much of an asset or group of assets is available for buying or selling over a given time interval. The more liquid a position is, the more easily it can be rapidly sold.
Loan To Value Ratio or LTV	The ratio between the size of a loan and the value of the collateral required to obtain it. LTVs are generally below 100% because to minimize risk the lender requires the value of collateral to be greater than the money being borrowed.
Margin	The collateral that an investor has to deposit with a broker or exchange to cover the credit risk the holder poses for the broker or the exchange.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Mining	The process by which blocks are added to a blockchain and the creator of the block is rewarded with newly issued tokens. In the Bitcoin network, miners use specific computer hardware (mining rigs) to run hashing algorithms with the aim of generating an output satisfying specific criteria, which allows the miner to propose a block of transactions for addition to the existing blockchain. In return, successful miners earn a block reward as part of the new block. This process is known as proof-of-work, as it requires computing power to be committed. The cost of performing the work creates a substantial financial and logistical hurdle to malicious actors and secures the bitcoin network in proportion to the total computing power of all active miners.
Mining Pool	A joint group of crypto asset miners who combine their computational resources over a network to strengthen the probability of finding a block or otherwise successfully mining for cryptocurrency.
Mining Rig	A computer hardware device designed for the purpose of mining bitcoin or other crypto assets.
Moon	A slang term used to describe the price of a crypto asset to rise substantially (e.g., "Bitcoin price is going to the moon" "Bitcoin price is mooning.")
Node	A computer connected to other computers which follows rules and shares information.
Nonce	A numeric field that miners adjust to create a hash of a new block header, aiming for that output of the hash to be lower than or equal to the current target value required by the blockchain network.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Ponzi Scheme	A type of fraudulent investment scheme that typically attracts investors by offering high returns, but without in fact generating returns and instead funding withdrawals from the deposits of other investors.
Private Key	An alphanumeric string which enables one to sign transactions from a particular crypto wallet address, and thereby enables the holder to control the movement of assets associated with that crypto wallet address.
Proof of Stake or PoS	A blockchain consensus mechanism whereby participation in creating new blocks and receiving the block rewards requires one to “stake” tokens, thereby locking up the tokens and putting them at risk of being forfeited for failure to sufficiently perform role as a miner, such that the rewards obtained are based on the amount of tokens staked in relation to the total amount staked by all participants.
Proof of Work or PoW	A blockchain consensus mechanism where the ability to mine or validate blocks is based on a race to generate blocks that satisfy set criteria, such that the rewards obtained are based on the amount of computational work, measured in CPU power, that someone commits in relation to the total work expended by all participants.
Protocol	The set of rules that governs how a system or network functions.
Public Key	An alphanumeric string derived from a private key, which can be shared and can identify but not control a particular wallet address or addresses. Knowledge of a public key allows one to observe and send assets to the wallet address, but not send assets from that address.
Pump and Dump	The coordinated buying of a cryptocurrency (pump) to create a short term increase in price, followed by coordinated selling (dump).

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
Satoshi	A fractional unit representing a 100,000,000th of a Bitcoin.
Short or Shorting	A trading position in which the trader borrows and sells an asset, and later buys it to repay the position, such that the trader profits if and when an asset declines in price.
Smart Contracts	A term used to refer to executable computer code deployed on a blockchain network.
Stablecoin	A type of cryptocurrency specifically designed to avoid volatility by pegging its value to an external asset or group of assets. Multiple companies have issued U.S. Dollar-pegged stablecoins, including USD Coin (USDC), Tether (USDT), and Pax Dollar (USDP).
Staking	The term is used somewhat broadly to refer to a variety of processes in crypto, which generally resemble committing a crypto asset to a protocol in order to participate in a process enabled by the protocol. Staking is often used in the context of the Ethereum network to refer to the process of committing ETH tokens to participate in mining new blocks and obtaining block rewards.
Staking Pool	In the context of ETH staking, a group of ETH token holders that combine their ETH to stake as a group in order to meet the minimum staking requirements and to maximize rewards by sharing the operational burden.
Token	A term used to describe a single unit of a crypto asset. For example, one BTC or one ETH would each be referred to as one token. Like dollars, one token can be divisible into sub-parts. For example, a Bitcoin can be divided into 100,000,000 satoshis, whereas other crypto assets may denominate their token as divisible into more or fewer discrete increments.

APPENDIX 1

GLOSSARY OF KEY CRYPTO TERMS AND ABBREVIATIONS

Terms	Definition
TradFi	An abbreviation for “traditional finance.” It describes the range of financial products and services available through traditional financial businesses and institutions, for example banks and credit cards.
Unspent Transaction Output or UTXO	The method of recording blockchain transactions in which each transaction references a specific prior transaction or transactions as a basis for the instant transaction, such that there is no “ledger entry” reflecting a balance for particular wallets and instead the balance held by any wallet address is calculated from the aggregation of all transactions previously received by that address and not previously “spent” as the input for a subsequent transaction (referred to as unspent transaction outputs, or UTXOs). Bitcoin uses a UTXO protocol.
Volatility	The measurement of a price’s fluctuation. The more fluctuation, the more volatile.
Wallet	An application or device used to store the private keys for a blockchain address. Wallets are available in several different forms (e.g., hardware wallets and software wallets, and Hot Wallets and Cold Wallets).
Whale	An investor that owns a large amount of a crypto asset.
Whitepaper	A document designed to inform readers about a particular topic, typically used in the crypto asset context to describe a blockchain project and token, often made available to prospective purchasers in the context of conducting an ICO.

**Note:* Definitions in this glossary reflect common uses of the terms and not technical definitions.